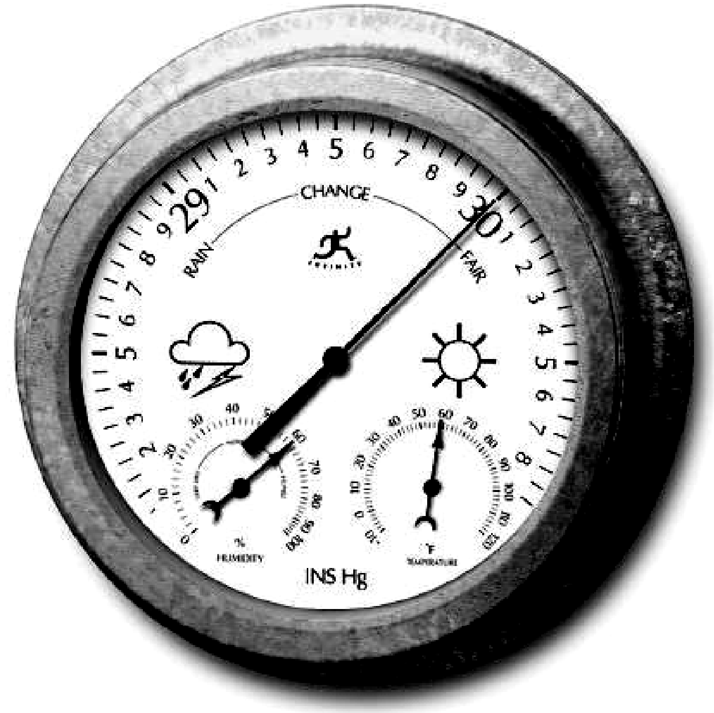
Utah!

Travel Barometer

A Research & Planning Newsletter

Division of Travel Development, Utah's Travel Council
December, 2002



Consumer Trends – The Reality of Empowerment: Creating Connections

By Jon Kemp, Research Coordinator And Ken Kraus, Media Relations Manager

The changes in the consumer psyche – fueled by the economic prosperity of last decade – have not retreated despite a still-faltering economy. Consumers now expect options, discounts and control. They have discovered that *feeling* affluent is more important than *having* money. Whereas mass-market appeal was the mantra of the producer-driven economy several years ago, customization is the mantra of the consumer-driven economy today. Yet consumers find that creating utopia is harder than it appears. *Simplicity is complicated*. Too much information is just as problematic as no information at all. Consequently, consumers are reevaluating their lives and realigning their choices to reflect what matters most. *Authenticity and substance are paramount*. Consumers are increasingly sensitive to hype, even more so since September 11th. To help them sort through the minutia of the information tornado *and* balance the increasing demands on their time, consumers erect barriers to protect what's most important to them. To be effective, marketers must penetrate those obstacles with a message that matches the priorities established by the customer. So the key question is, *what matters most*?

Family comes first. A trend underway for much of the past several years, the move to reconnect with family and build stronger relationships was accelerated after September 11th. A great deal of travel demand through 2003 will reflect visits to friends and relatives. An opportunity exists, however, for destination marketers to provide consumers with the ideal setting and activity mix for the perfect family vacation.

True leisure restored. The accelerating lifestyle of the 1990s meant that vacationers were frequently available via pagers, cell phones and email. The result:

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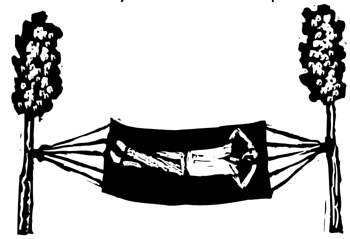
Consumer Trends Continued
vacations felt more like work and travelers returned home more weary than rested. To compensate for the last few years of unfulfilled leisure and escape, expect travelers now to place a *higher value on relaxation and rejuvenation*. In pursuit of these goals, travelers will demand higher levels of service and a wider choice of amenities. Soft adventure will continue to thrive because it allows mini-thrills without the stress of extreme sports. Spa resorts and cruise ships are also well positioned to attract more clients.

Service. Service. Service. The exponential growth of information has overwhelmed many consumers. Loaded with too many options, consumers will seek expert advice to help them cut through the clutter of choices. *Knowledgeable* service is increasingly valuable. Price and value reign supreme, but given the increasing price parity among product options, service becomes the differentiator. One area of service that requires further development is customization. *Most consumers indicate a desire to be able to customize their experience and are willing to pay a premium for the service*.

Truth in advertising. There is evidence of growing skepticism regarding information sources. Hype, glitz, and false claims engender mistrust of many mediums. Travelers want second and even third opinions to substantiate claims made by marketers. Consequently, communications programs must be authentic and genuine, with more substance than form. Consumers are bored with superlatives. *They want "real."* Unless destinations can dramatize their unique and differentiable qualities, consumers will buy based on price.



Balance. The disconnect between the lifestyle consumers *say* they want and the *reality* they live has spurred a movement toward greater introspection and life changes. As the baby boomers become empty nesters (as opposed to retirees), they will consider reshaping their professional and leisure pursuits. Younger generations, frustrated with a fast-paced and frenetic environment, remain committed to offering their children truly relevant experiences. So, they too are looking for lifestyle change. Among the travel implications for this shift is a greater emphasis on personal spirituality including history, culture and heritage. Experiences that offer a combination of physical and spiritual renewal will be well positioned to anticipate the demands of lifestyle changing consumers.

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Dean Reeder, Director,
Stacey Clark, Barometer Editor
Jon Kemp, Research Coordinator

Council Hall, Salt Lake City, UT 84114
801-538-1900, FAX 801-538-1399

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Why Seek Consensus in Decision-Making?

The following is an excerpt from Rules For Reaching Consensus – A Modern Approach to Decision Making by Steven Saint and James R. Lawson (Jossey-Bass/Pfeiffer, 1994).

"In today's business environment, where outside competition is so great, organizational survival depends on internal cooperation. Most organizations are plagued by internal competition for resources and for personal advancement. Some managers believe that internal competition is a motivating force. Yet, internal competition manifests itself in power struggles, battles between divisions and departments, backbiting, and poor interpersonal human relationships.

Internal competition diffuses corporate energy, misdirects resources, increases costs, and lowers morale. It generally reduces productivity at everyone's expense – owners, managers, and workers. It also reduces the competitive advantage of the organization.
Many organizational leaders believe that workers don't care about the needs and goals of the organization. Many workers believe that the organization is dehumanizing and does not care about them. We – They attitudes and "what's-in-it-for-me" thinking are outdated modes of behavior.

In seeking mutual agreement, the consensus process fosters individual differences, personal self-reliance and self-esteem, creativity and innovation, cooperative attitudes, improved interpersonal communication and relationships, responsibility, and accountability,

As managers and teams follow the process in both its letter and spirit, the organization will change from a counterproductive, internally competitive organization to an internally cooperative, synergistic enterprise. The real competitive advantage of an organization lies in the synergy of its collective work force."

This book continues to lay out a step by step process of conducting consensus-based decision making which is easy to follow and provides a great deal of interesting material to be considered in any planning process.

2001 County Profiles Executive Summary

Tourist arrivals to Utah decreased to 17.3 million in 2001, down -2.3% from 2000's 17.7 million. The decrease was part of a nationwide downturn in tourism as a result of the terrorist attacks of 9/11 and a slumping economy.

Total spending by travelers decreased by -2.4% in 2001, totaling $4.15 billion. Taxable sales figures from five key industry sectors (transportation, eating & drinking, hotels, auto rentals and amusement & recreation) provide additional evidence of weakening in Utah's tourism economy. The 1.9% tourism sector
growth rate in 2001 is significantly lower than the 6% to 7% average of the last five years. 2001 also marked the first time in seven years that growth in tourism did not exceed the statewide growth rate (1.9% vs. 2.4%)

Total state and local tax contributions from traveler spending totaled $332 million in 2001. Tax revenues from traveler spending provided tax relief of $475 per Utah household. Local tax revenues accounted for $86 million while $246 million accrued to state tax coffers.
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County Profiles Continued

County-based tourism tax collections (transient room tax, restaurant tax, car rental tax) totaled nearly $50 million in 2001, up nearly 3% over 2000. Six counties (Salt Lake, Summit, Utah, Washington, Davis and Weber) accounted for 86% of total tourism tax revenues. However, year-over comparisons reveal growth and declines in areas throughout the state.

Despite declines in the number of visitors and total visitor spending, the number of tourism-related jobs increased during 2001. The approaching 2002 Olympic Winter Games supported strong job growth in the lodging and amusement and recreation sectors. An estimated 3,000 new tourism-related jobs were created in Utah in 2001, bringing the statewide total to 128,500. Salt Lake County led the way with over 40,000 direct tourism-related jobs. Summit, Utah, Davis, Washington and Weber Counties each accounted for over 4,000 tourism-related jobs.

The 2.4% job growth in the tourism sector surpassed total statewide job growth of 0.9%. Tourism-related jobs account for almost 12% of total non-farm jobs in Utah (one in every nine jobs). The total number of jobs in the tourism sector surpassed the total number of jobs in manufacturing during 2001, making tourism the fourth largest employment sector in the state, following services, trade, and government.

Although the top six counties account for nearly 80% of tourism-related jobs, many rural Utah counties are highly dependent on tourism. Travel related jobs account for more than a fifth of total non-farm employment in ten Utah counties: Daggett, Garfield, Grand, Summit, Rich, Kane, Beaver, Wayne, Wasatch, and San Juan Counties.

Statewide Performance Indicators

SUMMARY OF UTAH TOURISM ACTIVITY - 2001

Economic Indicators	2001	2000	% Change
Total Non-Resident Visitors	**17.3 Million**	**17.7 Million**	**-2.3%**
U.S. Visitors	16.7 Million	17.1 Million	-3.3%
International Visitors	630,000	700,000	-10.0%
Total Tourism Spending	**$4.15 Billion**	**$4.25 Billion**	**-2.4%**
Total Tourism-Related Tax Revenues	**$332 Million**	**$340 Million**	**-2.4%**
State Tax Revenues	$246 Million	$252 Million	-2.4%
Local Tax Revenues	$86 Million	$88 Million	-2.3%
Total Tourism-Related Employment	**128,500**	**125,500**	**2.4%**
Direct Tourism Employment	72,000	70,400	2.3%
Indirect Tourism Employment	56,500	55,100	2.5%
Tax Indicators	**2001**	**2000**	**% Change**
Total Tourism Tax Revenues	**$53.3 Million**	**$52.1 Million**	**2.3%**
Transient Room Tax Revenue	$18.5 Million	$18.2 Million	2.0%
Restaurant Tax Revenue	$21.9 Million	$21.0 Million	4.3%
Car Rental Tax Revenue	$12.9 Million	$12.9 Million	-0.1%
Total Gross Taxable Sales (GTS)	**$31.6 Billion**	**$32.4 Billion**	**2.4%**
Total Tourism-Related GTS	**$3.9 Billion**	**$3.8 Billion**	**1.9%**
Transportation GTS	$143 Million	$149 Million	-4.5%
Eating & Drinking GTS	$1,946 Million	$1,906 Million	2.1%
Auto Rentals GTS	$506 Million	$488 Million	3.6%
Hotels & Lodging GTS	$597 Million	$583 Million	2.4%
Amusement & Recreation GTS	$724 Million	$714 Million	1.3%
Volume Indicators	**2001**	**2000**	**% Change**
Airline Passengers at Salt Lake Int'l Airport	18.9 Million	19.9 Million	-5.0%
National Park Visitors	4.75 Million	5.2 Million	-9.2%
National Monument & Rec. Area Visitors	5.5 Million	5.6 Million	-3.0%
State Park Visitors	6.1 Million	6.6 Million	-7.3%
Utah Welcome Center Visitors	660,000	732,000	-9.8%
Total Skier Visits	3.0 Million	3.3 Million	-9.3%
Statewide Hotel Occupancy Rate	59.9%	60.9%	-1.0%

SOURCE: Data collected from reporting agencies by the Utah Division of Travel Development

	Total Collections	Statewide Growth Rate	Positive Growth	Negative Growth	Strong Performers
Transient Room Tax	$17.4 Mil.	1.9%	13 Counties (45%)	16 Counties (55%)	Morgan (104%) Sanpete (37%) Duchesne (9%)
Restaurant Tax	$21.9 Mil.	4.3%	21 Counties (84%)	3 Counties (12%)	Rich (93%) Uintah (14%) Wasatch (13%)
Car Rental Tax	$9.2 Mil.	0.0%	2 Counties (25%)	6 Counties (75%)	Weber (55%) Salt Lake (3%)
COMBINED TOTAL	**$49.7 Mil.**	**2.6%**	**18 Counties (62%)**	**11 Counties (32%)**	**Rich (45%)** **Sanpete (18%)** **Morgan (17%)** **Beaver (17%)**

The entire County Profiles report is available on line at www.utah.org/travel or by contacting Jon Kemp at 801-538-1317 to request a copy.

Target Markets for the Division of Travel Development

By Gina M. Stucki, Assistant Director for National/International Travel Development

Recognizing that domestic leisure visitation continues to offer the best opportunity for tourism revenues, the Division's media outreach continues to target the western United States and major metropolitan centers in other parts of the country. Media and trade development efforts are also focusing on Canada, the UK, Mexico, Japan and Germany.

While North America and the UK are currently the strongest markets for visitation to Utah, it's important to maintain a presence in the Japanese and German markets for their eventual recovery to 2000 levels. Group travel from overseas has been hardest-hit this year and FIT visitation continues at reduced levels.

In early October, the U.S. Department of Commerce reported that international visitation to the U.S. isn't likely to reach 2000 levels until 2004, later in some overseas markets. The quickest recovery will be in Canada and Mexico. Leisure visitation from North America thus offers the best source for tourism revenues in the short-term. We are evaluating opportunities and timing in 2003 for spot projects in overseas markets, dependent upon budget and global developments.

Utah's winter season looks good with strong advance bookings at ski resorts, coming in the wake of good drive market visitation to the state during the summer and fall.

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Where Ideas Connect

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2002 3rd Quarter & Year-to-Date Visitor Statistics						
Segments	**Jul**	**Aug**	**Sep**	**2002 YTD**	**2001 YTD**	**% Change**
S.L. Int’l Airport Passengers	1,763,351	1.736.428	1,427,869	14,090,084	14,578,296	-3.3%
National Park Recreation Visits	674,115	644,689	669,704	4,407,826	4,247,128	3.8%
Nat’l. Monuments/Recreation Areas	633,791	555,406	392,866	2,926,253	3,329,634	-12.1%
Utah State Parks	1,007,289	774,539	567,915	5,124,655	5,338,933	-4.0%
Utah Welcome Centers	110,163	102,357	72,204	574,475	560,753	2.4%
Hotel/Motel Occupancy Rates	65.5%	70.8%	60.2%	65.4%	63.4%	2.0%